The amendments, as further modified, are as follows:

AMENDMENT NO. 1734, AS FURTHER MODIFIED

On page 88, beginning on line 17, strike ''$2,546,524,000'' and all that follows through ''*Provided*'' on line 20, and insert the following: ''$2,838,524,000, together with payments received during the fiscal year pursuant to section 231(b) of the Public Health Service Act (42 U.S.C. 238(b)) for services furnished by the Indian Health Service, of which $2,329,414,000 shall be available for clinical services: *Provided,*

AMENDMENT NO. 1739, AS MODIFIED FURTHER

On page 46, line 7, strike ''*Provided,* That'' and insert the following: '', and of which $79,000,000 (composed of $20,000,000 from administrative accounts for operation and support, $6,000,000 from the trust accountability account, $15,000,000 from the field operations account, and $38,000,000 from the historical accounting account) shall be deducted from that amount, of which deducted amount $63,000,000 shall be transferred to the Indian Health Service and available for clinical services: *Provided,* That none of the funds made available by this Act may be used for the proposed trust reform reorganization of the Bureau of Indian Affairs or the Office of Special Trustee: *Provided further,* That''.

The PRESIDING OFFICER. The Senator from Arizona.

Mr. KYL. Mr. President, I ask unanimous consent that immediately following morning business on Tuesday morning, there be an additional 10 minutes equally divided prior to a vote in relation to the Daschle amendment No. 1734, as further modified, provided that no second-degree amendment be in order to the amendment prior to the vote.

Mr. REID. No objection. It is my understanding we will go into session at about 9:30, so the vote will be somewhere around 10:30 in the morning.

The PRESIDING OFFICER. Without objection, it is so ordered.

The Senator from Arizona.

ORDER OF PROCEDURE

Mr. KYL. Mr. President, I ask unanimous consent that there now be a period of morning business not to exceed 70 minutes with the time divided as follows: Senators KYL and DORGAN in control of the first 5 minutes, which will be equally divided; the majority leader or designee in control of the next 6 minutes; the minority leader or designee in control of the second 6-minute period; the minority leader or designee in control of the next 6 minutes; the majority leader or designee in control of the final 6-minute period.

I further ask unanimous consent that the next period of time be divided as follows: Each side permitted to ask up to five questions for up to 1 minute each in an alternating fashion, to be followed by a response of up to 2 minutes to be controlled by the other side of the aisle, with the Democrats to ask the first question.

I further ask unanimous consent that the final 10 minutes be equally divided for closing comments.

Finally, I ask unanimous consent that upon yielding of the floor, any debate time remaining during that period of controlled time be yielded back.

The PRESIDING OFFICER. Is there objection?

Mr. REID. Mr. President, the time on this side will be controlled by the Senator from Illinois, Mr. DURBIN, rather than the Democratic leader.

Mr. KYL. Time on the Republican side will be controlled by Senator SANTORUM or Senator SUNUNU.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. KYL. Mr. President, let me explain what that very rapidly read unanimous consent order provides for. Senator DORGAN and I chair the policy committees of the Democratic and Republican sides and have agreed that every month or so we should have a debate which is really a debate, rather than just a bunch of speeches read, which frequently characterizes what passes for debate here on the Senate floor. Our constituents might tune in and see us reading speeches and wonder whether we have a debate on a specific issue where we mix it up together, respond to each other's points, and have that all relative to a very specific question.

So we agreed we would do that; we would try to pick a topic that was not really current: that we would have different Members on each side engage in these debates when they were held. And we agreed that the first debate topic would be on the general subject of Social Security.

As a result, tonight we have the first of these debates with two Members from the Republican side and two Members from the Democratic side debating a general topic relating to Social Security. All of the requests for time will be through the President, of course, pursuant to this unanimous consent agreement.

It is hoped that as a result of Democrats responding to Republicans and vice versa, asking each other questions, actually there may some elucidation, some light that would come out of this debate, rather than heat, and that we could agree or disagree in an agreeable spirit on an important topic to people around this country.

I am looking forward to this debate. This will be the first of our experiments. Obviously, if the participants have suggestions about how to conduct future debates, we would like to hear those so we can continue, and maybe it will become a tradition in the Senate. I think we are ready for that.

The debate will be started with Senator SUNUNU from New Hampshire and therefore, again, with Senators SUNUNU and SANTORUM having time on this side. I yield now to the Senator from New Hampshire, Mr. SUNUNU.

The PRESIDING OFFICER. The Senator from New Hampshire is recognized.

SOCIAL SECURITY

Mr. SUNUNU. Mr. President, I welcome the remarks of the Senator from Arizona and my colleagues tonight for what I hope will be an enjoyable evening and will set the tone for further debates to follow.

Tonight we are talking about the important issue of Social Security. Let us begin by recognizing together that this is an important issue, one that deserves to be talked about with substance and in a direct and clear way. It is also an issue that we need to address with substantive legislation, because the one thing I think we can agree on is that not acting provides us with the greatest risk of all.

If we look at what the Social Security actuaries have said, the President's bipartisan commission has said, and countless committees in Congress which have looked at this issue have said and recognize that if we don't act, we are faced with the stark choices of raising taxes or cutting benefits, which is not something any of us wish to do.

We need to strengthen Social Security by improving the rate of return of investments made within the system, and strengthen Social Security by extending the solvency of the trust fund by, I believe, empowering individuals.

Tonight, I want to talk about that important notion, empowering individuals and allowing them, as part of the Social Security reform package, to invest a portion of what they pay in taxes every week in a personal retirement account. We are going to hear a lot tonight about how these personal retirement accounts might be risky, how we cannot trust individuals or count on individuals to make good choices or decisions, how we cannot count on the Government to enact a substantive regulatory regime that protects the markets or the individual investors, and how this is risky because it takes money out of the Social Security trust fund. But I believe we need to recognize that empowering individuals to make such investments and control their retirement accounts is central to strengthening the rate of return I talked about, to improving the solvency of the Social Security system, and making a stronger retirement system for future generations.

Let's be clear about what we are talking about here. The kinds of investment options that most all of the legislation that has been introduced deals with offer voluntary accounts but don't touch the benefits of anybody who is retired today or any near-retirees, and they still provide a guaranteed minimum benefit. If you look at the legislation introduced by Congressman KOLBE or Congressman STENHOLM in the House, or Senators GREGG and BREAUX in the Senate, or Congressman NICK SMITH from Michigan in the House as well, these are pieces of legislation that reflect and respect the individual's strength to make good decisions, and the potential to improve the rate of return of the system, but at the same time protects the guaranteed minimum benefit that our retirees, and especially those without a strong economic means, have come to count on.

There are two issues I want to focus on in my remarks. First is this notion of empowerment and why it is so important to the strength of a retirement system that allows personal accounts. Second is the issue of solvency, on which I am sure we will get into some detail.

First, empowerment. When I talk about power, I think it is hard not to talk about money. Money is power; we all understand that working here in Washington. Any time we can take money out of Washington and return it to the individual or give the individual more control of their own money, we are strengthening and empowering them. In particular, these personal investment accounts—all of them I have seen structured in legislation more often than not increase opportunities for low-income people.

Those with high incomes in America have IRAs and 401(k)s; they have access to personal retirement accounts or retirement security investments that are independent from Government. Why is it that we are afraid to give that same economic empowerment to those at the lower side of the income scale?

These personal accounts create a real asset. Why are we afraid to allow individuals to control and own a real asset, a tangible asset that they can pass on to their family when they die? The opponents of personal retirement accounts say: We make a promise; we have a retirement promise within Social Security; we don't need to allow the individual to own the asset.

Well, I maintain that a promise is something very different than owning an asset. If you don't believe that, you can go to developing countries where they don't have private property rights, to former Communist countries where the state always promised to allow them to keep their land or promised to provide a pension. Owning something is very different indeed than simply having a government promise.

We want to empower them with a real asset that they can count on to be there when they retire. Over time, with a higher, stronger rate of return, the solvency of the overall retirement security system will be strengthened. The worst thing is to do nothing.

Between 2017 and 2041, we will begin paying out of Social Security. We may have Social Security surpluses today, and the trust fund may be growing today, but come 2017 it will stop growing and begin to shrink. There will be $6 trillion in outflows from general revenues in that timeframe and a $25 trillion unfunded liability over the next 75 years.

If we don't take action, we will be forced to increase taxes or forced to cut benefits. But thoughtful, substantive action that includes the power of personal retirement accounts will make a difference for the individuals across the entire country.

There is a lot of opposition here because these are not Government-controlled investments. There is a lot of opposition because the individuals won't be beholden to the whims of the Government. There is a lot of opposition here because some people don't want to harness the power of private markets, the power of compound interest, and the power of economic growth in order to create something that the Federal Government no longer controls.

I submit that those individuals and workers who are paying 13 percent today in payroll taxes will benefit greatly from this change. I think the risk is not to act. I think we need to act, and I look forward to hearing from the other side.

The PRESIDING OFFICER. The Senator from New Jersey is recognized.

Mr. CORZINE. Mr. President, I thank the leadership on both sides of the aisle for sponsoring this debate on the future of America's Social Security system. It is one of the most important debates I think we can have as a nation, and I think many on this side of the aisle believe Social Security is the clearest expression of our Nation's values.

The Social Security system, for 70 years, has provided a promise, a commitment between generations, that if you work hard, pay your taxes, and play by the rules, one day you will be able to retire. Actually, no expression of the common good of our Nation has been more broadly accepted nor admired for the results: That the reduction in poverty of America's seniors went from about 50 percent to 8 percent during the existence of Social Security is a testimony to its great success.

It is not a handout; it is not welfare. It is an earned benefit that rewards work. It promotes and rewards what I think all of us would like to see in our society. Senator DURBIN and I could not be more privileged to stand in support of this national commitment to America's seniors, disabled, and children who lose a parent.

This universal insurance program provides guaranteed security for all seniors. Let me emphasize the word ''guaranteed.'' Regardless of the state of the economy, rate of inflation, fluctuations in the financial markets, or the length of one's life, security is guaranteed, dignity is guaranteed.

It is hard to underestimate the importance of Social Security for our Nation's elderly. Of the two-thirds of our seniors and the disabled, 50 percent or more of their income comes from Social Security. For 20 percent of seniors in this society, it is their only income. For women and minorities, it is a much higher percentage of their protection as they go forward. Nearly 2 million children receive survivor benefits. For the disabled, it is more than 50 percent of their income. It is the ultimate safety net and one that is earned.

I think it is important for us as Democrats—and we certainly argue this—that Social Security's guarantee of financial security should be at the top of our Nation's priorities, along with educating our kids and protecting national security. ''Social Security first'' is more than a rhetorical phrase; it is a policy that works. That is why we so strongly oppose privatization views on Social Security through so-called personal accounts.

Privatization, in our view, is not about choice. Privatization is about mandatory cuts in guaranteed benefits. That is by the analysis from the President's own commission. All of the Social Security actuarial analyses admit that we will raid the trust funds for up to $2 trillion and will force deep cuts in guaranteed benefits—up to 25 percent for many current workers and, as the years unfold, as much as 45 percent for future enrollees. Those benefit cuts would not be voluntary. They would apply to all retirees—even those who choose not to invest in private accounts. We think that is a major problem, a major flaw in the direction you take.

Seniors simply cannot afford to have benefits cut, particularly those on the low-income side of our society. After all, today's Social Security guaranteed benefits are simply an average of $900 a month, or less than $11,000 a year. In fact, for women, it is $780 a month, or about $9,300 a year. I think that is pretty tough to live on in New Jersey; I don't know in Illinois, or Pennsylvania, or New Hampshire; but $9,300 doesn't cut it. It is very hard to presume that somebody is going to live successfully in their retirement. Many of us look at this and argue about priorities. Some argue that we need deep cuts to make sure Social Security is solvent. But the numbers prove that wrong, in my view.

In the next 75 years, the entire Social Security shortfall, in present value terms, is $3.8 trillion. That is a lot of money. Meanwhile, the Bush tax cuts would cost more than $12 trillion, present value, in the same amount of time. We need to make priority choices. We believe we can fund this, since it ought to be one of the highest priorities in society that would necessarily be on our agenda. We have the resources. It is a matter of will and of whether we want to make sure we have the fiscal discipline to set the priorities to make it happen.

I also want to talk about this rate of return. I am an old grizzled 30-year veteran of the financial markets, and I can tell you they go up, down, and move sideways for years on end. It is an uncertainty and a risk that you build into markets if you put it into these personal accounts.

We believe in that three-legged stool. We are not against private investing. We are not against personal savings. We encourage 401(k)s and IRAs, but I think it is a mistake to put at risk the guaranteed benefits for those 20 or 50 percent who are so dependent on Social Security.

There are a number of other problems I could find with private accounts. As to management fees, I assure my colleagues, the smaller the account, the higher the fees. They accumulate. We have had a number of problems with them in Great Britain and other countries. There are serious issues that need to be addressed before one even thinks about it.

I hope we do not lose track of that compact, of that commitment we have, that promise to make sure that if one plays by the rules, they pay their taxes and work hard, they will have a dignified retirement benefit. That is how the world has changed post the creation of Social Security, and we believe strongly that we ought to implement a plan that guarantees benefits.

The PRESIDING OFFICER. The Senator's time has expired.

Under the previous order, the Senator from Illinois is recognized.

Mr. DURBIN. Mr. President, I thank my colleagues for staying this evening. The world's greatest deliberative body does not spend a lot of time debating. That was one of the biggest surprises that I learned when I first came over to the Senate. I hope tonight, if we have a good debate, it will set a standard that will lead to even more debates on the Senate floor.

For 66 years, Social Security has been America's insurance policy. Social Security has been America's promise that when all else fails, the monthly check from Social Security is going to be there to help you pay for your food, your utilities, and your prescription drugs.

Social Security has never been Uncle Charlie's red hot investment tip, that stock that just could not lose. Social Security has always been that rainy day fund that your dad and your grandfather told you to take care of first before you even listened to Uncle Charlie.

Some politicians do not like Social Security. It is an old idea. It has been around for several years. It is conservative. It is a Government program. It was created by Franklin Roosevelt during the New Deal. It is also the horse, though it never sets a track record, that always finishes the race.

The critics want to dismantle Social Security for a flashy, dazzling money maker that just cannot lose. They want to cut the current Social Security monthly benefit and add higher administrative costs at the expense of your parents' retirement and your own.

Now, they tell us that Social Security privatization adds up, but like that hot stock tip, their privatization argument is all about faith and not facts. As every good magician, they want to divert your attention from the most important part of their presentation.

The supporters of privatizing Social Security cannot explain how they will fill the $2 trillion hole in the Social Security trust fund that will be created when people lift out money to put in privatization personal accounts. If they were honest about their $2 trillion shortfall, they would tell you that the options are very limited and very painful.

For one thing, they might suggest we raise payroll taxes to make up the difference, but who needs an increased payroll tax with this lame economy? They could tell you honestly that we can raise the retirement age under Social Security and make up for the $2 trillion shortfall in privatization. But is that something you want the Government to mandate at this point in your life? Or they could cut Social Security monthly benefits, but that might come just at the time when your mother's prescription drug bill goes up $100 a month.

If it turns out that Uncle Charlie's hot stock tip, or the Republican privatization of Social Security, fails, guess who ends up holding the bag. Well, first, your parents, then you as their children, and ultimately, when the bottom falls out, future taxpayers.

The bad news about Social Security is not the bedrock principle on which it was founded. The bad news about Social Security is that this President and this Republican Congress, with their tax cuts for the wealthy and record-breaking deficits, are endangering Social Security and Medicare at exactly the wrong time.

This is a news flash from those who are supporting privatization, which I think they should crawl across every TV screen in America whenever this debate starts, and it ought to say, just so you did not miss it: The baby boomers are on the way.

We have only known that for 50 years. We have seen them coming. We know they expect Social Security to be there because they paid into it. So instead of historic deficits and Social Security privatization schemes, how about some conservatism for a change? How about protecting the Social Security trust fund?

In closing, this is a historic moment. Since the Republicans chose the issue of privatizing Social Security as our topic tonight, it now can be said officially to Republicans across America that it is now safe to say privatize Social Security again. For 3 years, they would not do it while the Dow Jones was diving, the Standard & Poor's was sliding, mutual funds were muddling, and corporate robbers were led away in shackles. Welcome back Social Security privatization. But there is one problem: the Republicans may now think it is safe to dive again into the Social Security privatization pool, but when it comes to common sense that pool is still empty.

The PRESIDING OFFICER. The Senator from Pennsylvania.

Mr. SANTORUM. Mr. President, I want to make sure the record is straight. I do not believe the Senator from New Hampshire used the word ''privatization.'' My colleagues will not hear me use the term ''privatization.''

Privatization intimates to the American public that we are going to abandon the current Social Security system and turn it over to completely private accounts, which is not what any proposal on this side of the aisle or what the President's commission suggested.

What the President's commission suggested, what every bill over on this side of the aisle proposes—and, by the way, joined in a bipartisan fashion and has historically been a bipartisan issue—is to take a portion of the contribution that comes into the Social Security Administration and give people the option voluntarily to establish a personal retirement account to be part of their Social Security benefit which continues to be guaranteed as it is, as much as it is, under current law.

So let's understand that we are still talking about the foundation of this system being the same. What we are talking about is trying to solve the problem, a problem that my two colleagues on the other side of the aisle did not address. They talked about the criticisms of the personal retirement account option for people to help finance the shortfall in Social Security, that $25 trillion shortfall. They did not propose one solution as to how to do that.

We have proposed a solution that uses the power of the market, which uses individual choice. If my colleagues want to talk about guarantees, ask the people back in 1978 and 1984, after the 1977 and 1983 changes in Social Security, whether that benefit is guaranteed. In both 1977 and 1983 benefits were reduced. So this idea that there is some guarantee out there is only as good as the next Congress's vote. The real guarantee is ownership. One owns that money in their account. That is a private property right that is now not subject to the whim of the next Congress to take away from an individual. So what we are doing is giving real guarantees, real security to Social Security, No. 1.

No. 2, this idea that if we don't do anything, things will be fine? I hold up a comment by David Walker before the Aging Committee in the Senate. He said:

> Taking action now on Social Security would not only promote increased budget flexibility in the future and stronger economic growth but would also make less dramatic action necessary than if we wait.

Waiting is not an option. There are three things we can do to fix the Social Security shortfall. No. 1, raise taxes; No. 2, cut benefits; No. 3, grow through investment and thereby make up the shortfall. Those are the three options.

Senator SUNUNU and I think most Republicans, and some Democrats, thankfully, have said we prefer option 3.

By the way, this debate has been around a while, as the Senators have suggested. One of the issues is, Do we include people who are not now in Social Security in Social Security, like teachers, local government employees, State employees who are now exempt? They are vehemently against losing their investment-based Social Security system if they have to trade it for a pay-as-you-go, promise-from-politicians system that we have. If it is such a bad system, then why do all the people who have an investment-based system, at least in part, not want to be in this other system? The reason is because it works. Every other pension system in this country is based on that. And virtually every other pension system, Social Security system in the world, has some component of private investment.

We will be—I underscore ''will'' because I think it will eventually happen—the last to do this. But we should not wait because waiting costs. The longer we wait, the deeper the cuts in benefits that will have to be made if we do not go the personal retirement route, or the higher the taxes must go, again, if we do not come up with another method to solve this problem.

I want to put up a chart from Senator Moynihan. I heard talk that somehow or another, if this money is put aside, we are robbing money from the Social Security system. I have a couple of comments on that.

No. 1, the Social Security actuaries say:

> If the personal accounts are considered as part of Social Security, it is reasonable to combine the amounts of the trust fund assets and the personal accounts for representation of the total system.

So when the Senator from New Jersey said you are taking this money out of the system, you are not actually taking the money out. Actuaries say you actually should include it as part of it since it is going to pay benefits.

The Senator from New York said:

> Critics charge that establishing personal savings accounts would turn Social Security over to Wall Street. Dock workers would become day traders. A market downturn could wipe out benefits. The latter charge is obscene. The present progressive retirement benefit would remain.

That is the point I was making before.

> We are not eliminating the base Social Security Program. We are enhancing it, we are stabilizing it, and we are better securing it through investment. There is no occasion to touch it.

Not one proposal the President has put forward or one proposal put forward on this side of the aisle, in a bipartisan fashion I might add, does anything to undermine the basic Social Security system. It is, in fact, a response to shore it up, to make it stronger, and to make it secure and guaranteed for future generations. That is why we so strongly believe in it.

I yield.

The PRESIDING OFFICER. Under the previous order, there will now be a period for questions and answers: 1 minute has been allocated for questions, 2 minutes for response. The Democrats are to propose the first question. The Senator from Illinois.

Mr. DURBIN. Paul Krugman of the New York Times summarized this pretty well.

> Social Security as we know it is a system in which each generation's payroll taxes are mainly used to support the previous generation's retirement. If contributions from younger workers go into personal accounts instead, the problem is obvious. Who will pay benefits to today's retirees and older workers? Privatization creates a financial hole that must be filled by slashing benefits, providing large financial transfers.

The obvious question to the supporters of privatization is, Where will you find the $2 trillion that makes your proposal honest? Without filling that financial hole with $2 trillion, you have a theory that is too good to be true.

Mr. SANTORUM. That is a very good question.

The PRESIDING OFFICER. The Senator from Pennsylvania.

Mr. SANTORUM. This question always hearkens me back to a commercial which dates me a little bit. It was Fram Oil Filters. The question was: Pay me now or pay me later?

The issue is, and the issue that, again, my colleagues on the other side of the aisle fail to address, and that is there is an unfunded liability here. How are we going to make it up? The question is, What is the best way to guarantee that for future generations?

What I believe is, by allowing individuals to put money into accounts which they own, which increase in value, we will secure that system to the future. Does that mean coming up with more money now to secure the system later? Yes. But if you don't do that, you are going to pay much more later. So the question is, Pay me now—do it in a way that is progressive in the sense that individuals own money and have control of that investment, have real guarantees because it is their money—or pay me later, on a promise that my benefits will not be cut, which they will have to be, or taxes will not increase, which they will be.

The PRESIDING OFFICER. The Senator from New Hampshire.

Mr. SUNUNU. Mr. President, in their opening statements we heard the other side use the word ''guarantee'' numerous times. To be sure, my colleagues and I believe strongly in the moral obligation that we have to ensure a sound retirement system. But to simply say ''guarantee,'' ''guarantee,'' as if that will solve the fundamental problems in our retirement security system is a huge mistake and it ignores both demographics and the baby boom generation and history because, we all know, in 1977 and 1983, significant changes were made.

We are willing to stand up and talk about ways that have been actuarially shown to strengthen the solvency of the system, but we still have not heard a single idea or proposal of substance from the other side. If you are not going to cut benefits, and you are not going to raise taxes, what ever are you going to do?

The PRESIDING OFFICER. The Senator from New Jersey.

Mr. CORZINE. I appreciate the comments of the Senator from New Hampshire about guarantees. The idea of making certain that those payments, that $900 average that we are talking about, is available is going to take some of those kinds of choices that the Senator outlined, as did the Senator from Pennsylvania. We have to make some tough choices.

We made a very tough choice when we said we are going to cut taxes, the present value of taxes, $12.1 billion, which put us into deficit financing of $550 to $600 billion in the upcoming fiscal year, when the Social Security shortfall in this country, on a present value basis as opposed to accumulating all those totals over 75 years, is $3.8 trillion—three times the coverage of the estate tax. Even if you reformed it up to a $4 million or $5 million exemption, it would fill about one-quarter of that hole. The dividend exclusion, the cut in capital gains, would take it up a little over half.

There are other options than just sitting here and suggesting that there are no ways to fund this Social Security gap. That was why it was so important to emphasize ''Save Social Security First'' when we were running surpluses. We wanted to build up that Social Security trust fund so there would be income from it, but also have the ability to meet those needs as we go forward.

I think it is absolutely essential that we focus on guaranteed benefits because we are looking at the core, the fundamental cornerstone of what retirement savings is for a vast number of Americans. Fifty percent plus depend mostly on Social Security.

So having that at the risk of the whims of the market is a whole different kettle of fish than having what a guaranteed benefit is about. That is why we emphasize it.

The PRESIDING OFFICER. Next question, Democrat Senator.

Mr. DURBIN. I ask my colleagues on the Republican side, they say it is voluntary and all about giving people a choice. What kind of choice do you give people who do not want to open a personal account, who don't want to privatize? The choice you give them is to see their monthly Social Security benefit reduced. The average benefit of $900 will go down, if you decide that you don't want to play the stock market, you don't want to invest.

I have to ask you, How voluntary is that, if you are going to reduce the monthly benefit payment to those who do not sign up? And, the ultimate cost of this, since you cannot come up with a way to pay for the $2 trillion, could be as much as 40 percent of that current $900 monthly value. How voluntary is that? What kind of choice does that person have, when they lose the benefit they counted on all their working years?

Mr. SANTORUM. I assume what the Senator is referring to is the proposal by the administration to use price indexing versus wage indexing. Is that correct?

Mr. DURBIN. I was talking about the overall $2 trillion.

Mr. SANTORUM. Maybe I am confused. When the Senator says what change would then occur, my guess is—I am confused by the question.

Mr. SUNUNU. If the Senator from Pennsylvania will yield on this point because it was a confusing question, to say the least, but I think it gets the facts completely wrong. There are pieces of legislation that protect the guaranteed minimum benefit and that make no changes to those in the current system. To suggest that simply the act of proposing to allow some worker to control 2 or 3 percent of what they earn every week in a private account means that somebody else's benefits will be cut is simply demagoguery.

The Senator from Pennsylvania addressed the question of pay me now or pay me later. To be sure, if you allow personal accounts to be set up, you won't have as much money flowing into the trust fund today, but you will earn a rate of return and increase the value of those accounts in such a way that the total value of all the assets in your retirement system will be greater in the long run.

I think the Senator who worked on Wall Street understands that fact. I think anyone who has an IRA or a 401(k) understands that fact.

The legislation that has been introduced in a bipartisan way in this Chamber and in the House has been scored by the Social Security actuary to increase the solvency of the Social Security trust fund over that 75-year window.

That may be a frustration to those who vehemently oppose personal accounts in any way, shape, or form, but it is a fact. The Social Security actuaries are not partisan in this debate.

The PRESIDING OFFICER. The next question is from the Senator from Pennsylvania.

Mr. SANTORUM. Thank you, Mr. President.

I reiterate the first question which the Senator from New Hampshire offered, which is, What specific plans are out there? But I am not sure we are going to get an answer to that tonight. I will go to a second question.

We hear a lot, as I mentioned in my remarks, about their guarantee, and I know both Senators know about the Fleming v. Nestor case in 1960—a U.S. Supreme Court case that said that Social Security benefits are not guaranteed. You do not have a private property right to Social Security benefits. It is a political promise.

We saw evidence of that in 1977 and 1983 with those amendments to the Social Security Act which reduced benefits. So we are talking about this great guarantee, this incredible, infallible promise. Yet we have seen cuts in Social Security by previous Congresses.

My question is, Can the Senator tell me that the 1977 and the 1983 amendments are not examples of what you would call a guaranteed benefit and how those reductions in benefits square with you telling the American public that there is a guaranteed benefit?

Mr. DURBIN. Mr. President, let me just say that we can argue for some time as to whether this is a guaranteed entitlement. This much I can guarantee you. In a nation where 40 million people rely on Social Security for their checks, and where their families rely on receiving them, trust me; the people who are elected to this Chamber and the House of Representatives will be responsive to guaranteeing the future of Social Security. There is much less political risk when it comes to the future of Social Security than there is market risk when you decide that you are going to take a chunk of your savings and hope that you happen to retire at the right moment when the stock market is on the up tick rather than the down tick. The market risk is far greater than the political risk.

We might be able to suspend the rules of political science in this debate. We certainly cannot suspend logic, common sense, and mathematics.

If you wonder why this Nation is in deficit, listen to the argument on the other side. They will allow workers to opt out of Social Security and go into personal accounts and argue here calling this demagoguery when we raise the question that even if these workers opt out, that did not endanger Social Security. That doesn't add up. Once the workers opt out, there is not enough money to make current payments to retirees. They cannot explain to you how they will make up the difference. That is the problem—if we are going to maintain benefits, make it voluntary and not penalize current Social Security retirees. You have to explain to us how we make up the difference.

The PRESIDING OFFICER. The next question is from the Democratic side.

Mr. CORZINE. Thank you, Mr. President. Let me say on the constitutional question, the Court rules. But if there is a law that has to be changed, it has to come before this body. The political risk is no higher, in my view, than the market risk, being one who has lived with market risk for a fairly substantial period of my life and understanding that those risks are real and tangible. We have very real and tangible examples of that in the world today.

Look at the underfunded pension liabilities that are managed for some of those teachers and other people who have been talked about.

I think we are talking about two relationships. And I think when you are talking about—which gets to my question: Is $900 a month too much to promise our seniors? Is a guaranteed benefit of $900—and then adjusted for wage indexes so it is a standard of living and replacement wage—is that really too much? I ask the Senators.

Mr. SANTORUM. Only two-thirds of that $900—$600—is funded under the system we have right now. Three hundred dollars of that benefit—in other words, two-thirds of that benefit—over the course of the next 75 years is going to be funded. So the question is, How are you going to make up this difference? We have put forth a plan that reduces that unfunded liability, that makes up that gap substantially. If we were to do one of the plans, it makes it up completely.

So I suggest that we have plans on the table on how you get there. What we have not heard from the other side is how they get there. We have heard about the Bush tax cut. Are you suggesting we should increase taxes? What taxes do you want to increase to pay for these benefits? Are you suggesting that you don't want to increase taxes but somehow you want to reduce benefits? What benefits are we going to reduce to pay for this? But the fact is, you can't say to folks, It would cost this much—and it is not costing anything because all of the money stays in the system—to do their personal retirement account.

The question is, How do you make up the difference? Again, no answer and no ideas. We can do this or we can make up the difference or we will make sure the guarantee is good—but no plan and no ideas and no honesty to the American public as to what the particular solution is to solve this problem.

We have been courageous enough and bold enough to put forward a plan which, by the way, looks remarkably, in part, like the Thrift Savings Plan. Over these last few years, as bad as the market was, I didn't hear any Member of Congress or anybody else say we will abolish the Thrift Savings Plan. A diversified and balanced fund leads to good, long-term, stable investments over time.

That is what we are talking about. If it is good enough for Federal employees, it should be good enough for Social Security recipients.

Mr. SUNUNU. Mr. President, we always hear the opponents of personal accounts talk about risk. They love to talk about the fact that the market was down yesterday or the day before, or a particular stock didn't perform well. But, of course, nobody is talking about investing their retirement savings in the market the day before they retire. We are not even talking about investment for 1 or 2 years. We are talking about investing for 20, 30, or 35 years. Everybody knows the market goes up and down. But in a portfolio that is balanced and that is mixed with stocks and bonds, or with a blend of the two, the return over the long term will be strong but will be much higher than you could otherwise get from Social Security.

As a proof of that, I ask my colleagues if they can find any 20-year period in the last 100 years when this stock market didn't outperform U.S. Treasuries?

Mr. DURBIN. Mr. President, if you will look at the funds to invest in for individuals, virtually all of them suggest there is going to be an administrative cost in that instance. Most of them require a minimum investment of $2,000 because, frankly, the administrative costs can be so overwhelming. You tend to ignore that when you talk about the creation of personal accounts.

The British, in their experience in the United Kingdom, found that the administrative costs got out of hand to the point where they had to step in after several years. They also will step in because fraud was taking place. People were deluding future retirees into believing they were going to win in the market if they invested. That is a case in point where they tried to take the retirement savings in the United Kingdom using your model, and it didn't work. The administrative costs were far greater than they anticipated. Also, there was a fraud involved.

Taking money and putting it in the stock market is an option every American should have. But to use the Social Security funds of an individual for that purpose raises a risk that is too great for some people.

If the Senator from Pennsylvania suggests in the Thrift Savings Plan, the Federal retirees—he did not say that is part of our retirement; that is our savings account, over and above our retirement. I support what Al Gore supported, as do most Democrats, Social Security Plus. That allows people to invest in the Social Security over and above their Social Security. That would give them a chance to take advantage of a good market and not be eaten alive by administrative costs or defrauded out of the basic needs to survive.

The PRESIDING OFFICER (Mr. BROWNBACK). The next question is from the Democrats.

Mr. CORZINE. If the Senator from Pennsylvania will wait, I will ask that question.

The question we have to get to when we are talking about an intellectually honest debate about Social Security and whether people have a plan—you can ask whether one wants to talk about capital gains, tax dividend exclusion, inheritance tax, as I suggested, as a means to fill some of this gap. Others may have other choices. It happens to be this Senator's choice with regard to these particular issues, but there are other ways to do it.

There is no answer that I am hearing from my Republican colleagues about where you get the $2 trillion that is going to finance these transitions to private accounts—there is none; I have yet to hear it—without entering into the general funds at a time when we already have denigrated our fiscal posture in this country to an extraordinary degree, switching from $250 billion surpluses.

The PRESIDING OFFICER. The time of the Senator has expired.

The Republican response.

Mr. SANTORUM. First, I say again what we are talking about here with this thrift savings model—and I know many have been critical of that. It was stated that administrative costs would eat up the benefit. The administrative costs on Thrift Savings was .05 percent, .07—only 50 cents on every $1,000 investment. So it will not eat up the benefits of investment. That is No. 1. It can be done in a way that makes sense from the market return point of view.

The question the Senator from New Jersey poses is, How are we going to finance this? Again, the cost of not doing something is much larger than the cost of doing something.

The Senator has said he would increase taxes. I suggest that is certainly not an option I support. But I certainly respect the Senator from New Jersey for coming forward and saying we can solve this problem by increasing taxes.

The Senator suggests we increase taxes on things having nothing to do with Social Security, which would separate the covenant we have had, that Franklin Roosevelt put forward, that the contribution would somehow tie directly to the benefit you receive. So we will finance Social Security with things outside of Social Security.

I am not suggesting that. I am suggesting we will finance the shortfall through allowing people to take a portion of what is already being paid. If we did it immediately, we could put a little over 2 percent into personal retirement accounts and it would not affect anything. We have a surplus right now big enough to finance 2 or 3 percent of benefits going to that account. And over time, yes, we would have to come up with a mechanism in the short term to finance that 2 or 3 percent, whatever we put aside. Again, that would grow, so we would not have to do so over the long time.

The PRESIDING OFFICER. The time has expired.

The next question is from the Republicans.

Mr. SANTORUM. The Senator from Illinois mentioned the British system. The Senator from Illinois knows that the current Prime Minister of Britain, who is not a Conservative-Republican but a Labor-Democrat, if you will, has suggested expanding the personal retirement accounts in Britain, saying they have learned from their mistakes, the system has been improved and reformed, and he wants to expand the system to create more opportunities.

Just recently—in the last couple of years—Sweden—that conservative bastion in Scandinavia—has gone to personal retirement accounts. Most European companies have done so. Almost all of the South American countries have done so. Russia and China are going in that direction. The rest of the developed world has recognized the power of the market as a reliable tool to finance long-term commitments for retirement. Not here in America. Now, that is not a surprise because when we adopted Social Security in the late 1930s, we were one of the last to do so.

I ask the Senator who asked the question, if it is good enough for the rest of the world, why isn't it good enough for us?

Mr. DURBIN. I thank the Senator from Pennsylvania. It is rare of him to argue that the social programs in Russia and China should be emulated here in the United States.

It is interesting he would start with the British because they certainly have a much grander view when it comes to government responsibility on health care. If we were to guarantee the same type of health care protection to Americans as the British, not only for retirees but for the people, perhaps we could follow their logic in saying we may have failed over the last 10 or 15 years with their private savings accounts but people were not hurt that badly.

In the United States, if the experiment which the Senator has suggested with Social Security benefits tries and fails, we will have a generation or two of retirees on the hook, people who will not have what they anticipated they would have at the time of retirement. Then where does the burden fall? It falls on their children, first, to try to take care of their parents, and ultimately on the rest of the taxpayers.

This noble experiment, unfortunately, still has this big gap in it—$2 trillion—which the Republicans, suggesting privatization of Social Security, cannot come up with. Until they do, we are going to have to cut benefits. Cutting benefits is certainly not the answer to providing any kind of security for our retirees.

The PRESIDING OFFICER. The next question is from the Democrats.

Mr. CORZINE. I know my colleagues on the other side of the aisle are a little resistant to talking about avoiding making permanent some of the Bush tax cuts, but I wonder if there is any proposal at all, among the tax cuts that the President has laid down and we as a Congress have supported, that one would feel were appropriate to help finance this incredible deficit that I think we all agree is so important, whether it is to fill that $2 trillion gap that you admit is there and will have to default. Is it looking at people who make more than $1 million? Is that worth trading off financing adequately the Social Security system? Is there no tax cut that has come through that would not be justified relative to the cost of having it?

The PRESIDING OFFICER. The time has expired.

Mr. SUNUNU. Mr. President, let me provide for my colleagues an example of what it is to answer a question: No. Of course not.

Cutting taxes is about strengthening the economy. If you have not noticed, we have been in a recession. When you are in a recession, you want the economy to grow because economic growth is the single most important thing to increasing revenues. If you want to balance the budget, you need to do two things: Strengthen the economy and strengthen revenue growth, and of course control spending. I am not willing to forgo the tax cuts that have strengthened the economy.

When we asked the Democrats in this Chamber tonight for a plan to strengthen Social Security, we heard no answer. When we pointed out that the long-term success of markets in generating economic growth and a strong rate of return is historically without argument, they ignored the question. When we asked about the success of personal retirement accounts in country after country around the world, they changed the subject and decided they wanted to talk about health care.

We cannot ignore the challenge before us. We have talked about substantive solutions here. The suggestion that simply because we are creating personal accounts means we have to cut benefits and the fact that the Democrats want to ignore the rate of return that strengthens the assets in the entire system is not reason not to take action. We need to take action. We need to take up this challenge. And we need to be clear in the answers to the questions that are being asked tonight.

The PRESIDING OFFICER. This will be the final question that will be asked by the Republican side, which will have 1 minute.

Mr. SUNUNU. Mr. President, to that point about this suggestion that there is $2 trillion or $3 trillion—the number seems to get greater—in this so-called hole that does not exist because in the long run the system will be in better actuarial balance and because those assets will always be part of this system—to this point precisely, the nonpartisan actuaries of Social Security found that under a reformed system as proposed by the President's commission almost all workers could expect to receive higher benefits with a personal account plan, and the biggest increase in benefits would go to low-income workers.

In 2050, a low-wage retiree could expect 26 percent higher benefits from the commission's personal account proposal. Why, if this kind of a proposal is not just actuarially sound but better for low-income workers, are my opponents unwilling to even consider the idea of personal accounts?

The PRESIDING OFFICER. Two minute response from the Democratic side.

Mr. CORZINE. The Senator from New Hampshire makes the assertion that the Social Security actuaries have said that these plans—at least the President's commission's plans—will resolve the problem related to solvency. I, for the life of me, do not read those actuarial reports with that conclusion. In fact, the reason we are talking about the $2 trillion that seems to be missing—the magic asterisk—is that that, in fact, is talked about in these actuarial reports as a basis for cutting guaranteed benefits—25 percent for near termers, 45 percent for people out in that 50-year timeframe.

There is a missing hole. It is not enough just to assert that this is actuarially sound when that is not, in fact, what the reports say, at least as I read them. And I do not understand how we are going to get through those transition costs, which are repeated by almost any objective analyst I have heard talking about moving to privatized accounts.

That is why we so strongly stand and speak to guaranteed benefits because that is what the program is about. Yes, it has the political risk, but, as I think the Senator from New Hampshire knows, markets have a risk. They have real risk.

The Senator talked about a 20-year timeframe. I think if one looked from 1929 to 1949, you would find a 20-year period where returns were at best flat, if not diminished. So it is a very tough analysis to show that any individual retiring at any given point in time is going to be secure because the markets have produced a 7-percent return, which, if you look at 100 years or 50 years, may very well be the actuarial result. But you don't eat actuarial results; you eat benefits.

The PRESIDING OFFICER. There will now be a period for closing arguments on either side. Each side has 5 minutes in which to close their arguments.

Who yields time?

The Senator from Pennsylvania.

Mr. SANTORUM. Mr. President, I would like to be recognized for 2½ minutes.

The PRESIDING OFFICER. The Senator is recognized for up to 2½ minutes.

Mr. SANTORUM. Thank you, Mr. President.

I thank my colleagues for this debate and appreciate the opportunity to talk about this very important issue in a way that talks about the bigger issues of the day. I thank them for their engagement on this issue.

I end my part of this debate by going back to someone who is not necessarily a great favorite of mine but someone who knew a little bit about the Social Security system, and that is Franklin Delano Roosevelt. He was adamant—adamant—that we have a funded Social Security system. He did not agree with the pay-as-you-go system that was adopted in the late 1930s. In fact, his Secretary of Labor, Frances Perkins, said that he—''he'' being FDR—described building such a system, a pay-as-you-go system—which is the system today—as ''immoral,'' immoral because he understood that a pay-as-you-go system would pile up obligations on future generations of taxpayers.

That is exactly what is going on. Back in 1940, there were 40 workers for every 1 beneficiary. Today, there are 3.4 workers for every 1 beneficiary. In 20 years, there will be less than 2 workers for every 1 beneficiary.

This system is becoming more and more and more inequitable. Franklin Roosevelt was right when he said such a system is immoral. A moral system, which every other retirement system in America is funded upon, is a funded system, a system that says you will contribute so much, invest that money and have that money funded—real assets to pay benefits, not taxing future generations for accrued benefits of someone in the past.

We are in a system that has what I described. We will keep that system forever. But we should at least have a partially funded system that has some buildup of equities to be able to pay benefits for future generations. That is what we are trying to do. It is a more moral system. It is a better and more equitable system. Considering the changes in demographics that we have going on in this country, it is one that is necessary to avoid big cuts in benefits or big tax increases. It is the fairest, most equitable, just way—most moral way, according to Franklin Roosevelt—and we should adopt it.

The PRESIDING OFFICER. Who yields time?

Mr. DURBIN. Mr. President, to clarify the UC, do I understand we have 5 minutes to close, and we will be the final speakers?

The PRESIDING OFFICER. The Democratic side has 5 minutes. The Republican side had 5 minutes, and they have used 2½ minutes. There is nothing in the UC to determine which side goes last.

Mr. DURBIN. If I could read to the Chair—and perhaps I am mistaken here—it said: Further, I ask consent that the next 10 minutes be equally divided for closing comments, with the Republicans controlling the first 5 minutes.

The PRESIDING OFFICER. That order was not obtained.

Mr. DURBIN. It was changed.

Could I have clarification what the order is, then, so we can end this appropriately?

The PRESIDING OFFICER. It was simply 10 minutes for closing argument. There was no delineation as to who would go first or second in the final determination of the order that was obtained.

Mr. DURBIN. Thank you, Mr. President.

Mr. President, I would ask to be notified when I have used 2½ minutes.

The PRESIDING OFFICER. The Senator will be notified.

Mr. DURBIN. Mr. President, I have listened carefully to the debate tonight and I have listened to the suggestions to privatize Social Security with personal accounts, and I have waited to hear the following: If you take current people paying into Social Security for today's retirees out of the mix, who is going to make up the difference? Who is going to make up the money that is lost currently being paid to retirees?

That is an unanswered question. Until that question is answered, this cannot be an honest proposal. That gap, that failure of any discussion on privatization of Social Security, leaves current retirees in the lurch—and those about to retire—because people will be bailing out if they decide to take personal accounts proposed by the Republican side—and nobody makes up the difference.

I will say that the Republican side has been resolute in saying they will not even consider looking at the tax cuts that President Bush has proposed twice now during his administration, resolute in their belief that though they have failed to revive the economy—these tax cuts have driven us into the deepest deficits in our history—and though the total cost of these tax cuts will be three times the amount of money that we need to save Social Security on a permanent basis, they are resolute that we cannot ask one millionaire in America to give up a penny in his Bush tax cuts—too much, too far to go.

It shows you how this cannot be resolved in honest terms because unless and until we are all committed to the future of Social Security, unless and until we realize that rich and poor in this country all benefit from having this insurance policy—which Franklin Roosevelt conceived so that our parents and grandparents could live in dignity—we will continue to reach a stalemate in this conversation.

Stick with the basics. We should not cut current benefits. We should make any program voluntary, and it should be an add-on to the Social Security retirement. It should not be in place of it, unless you can come up with an honest answer of how we are going to fill the hole.

I yield the floor.

The PRESIDING OFFICER. The Senator has used 2½ minutes.

The Republicans have 2 minutes 30 seconds remaining.

Mr. SUNUNU. Mr. President, earlier in the debate I made clear that it was frustrating that we had asked the other side for a proposal, a plan, specifics to strengthen the Social Security system, and they had not given an answer.

Here, finally, in the last minutes of a debate that has gone over 1 hour, we get an answer: They will commit to raising taxes. Because to suspend or eliminate tax cuts in order to cover this shortfall in Social Security is to make a firm commitment that you will raise taxes, that you will take new taxes into the general revenues and divert them to Social Security. That is a tax increase. There is no ifs, ands, or buts about it.

Every worker in the country already pays over 12 percent of their payroll every week in taxes into the Social Security system. I say that is enough. We can reform, strengthen, and vitalize this program by empowering workers, giving them the option to control 2 or 3 or 4 percent of those payroll taxes every week and put it in a personal retirement account, not to gamble it on penny stocks but to put it in a fund similar to the Federal Thrift Savings Plan, a mixed basket of stocks, a very secure investment in bonds, perhaps a mix of the two, to invest not for 1 or 2 years but for 20 or 30 or 40 years; empower workers today to control more of what they earn. Surely that is a good thing for those workers because it gives them an asset they can leave to their family.

When we take money out of the hands of bureaucrats and give more control to individuals, we are making them more powerful and, to be sure, we are making the bureaucracies less powerful. That is indeed a step in the right direction.

When they set up these accounts, the assets don't disappear or go away. They stay part of the retirement security system. If you look at the proposal just introduced last week by Representative NICK SMITH, that has been scored by the actuaries as returning more to the system in the long run to cover any shortfall that you claim. Whether it is $500 million or $500 billion or $1 trillion or $2 trillion, whatever number you choose to pick today, over the long run there are more assets in the system to be used to pay benefits, and that is what makes it actuarially sound. That is what makes it a good idea for workers and a good idea for the American people.

I thank my colleagues.

The PRESIDING OFFICER. The Democratic side is recognized for 2½ minutes. The Senator from New Jersey.

Mr. CORZINE. Mr. President, we could get into a debate about whether making tax cuts that have not occurred yet permanent is a tax hike. I think that is not what we are talking about tonight.

Are there ways this can be financed? At least this Senator made some specific suggestions about where one could look for funding that would cover this gap, and I think there are a number of ways of looking at it. They require tough choices. Is providing $900 monthly income to seniors more important than eliminating the estate tax, providing a dividend exclusion to a very narrow sector of our society, or is it better to provide $900, $11,000 a year on average, to the American people, providing also for 2 million kids who lost their parents, dealing with the disabled in this country? It is hard for me to understand these tradeoffs, but at least I believe that that is an argument the American people would find winning.

I also believe Social Security has been a promise to the American people—again, that if you live by the rules, you pay your taxes, if you show up and work, if you are committed to a lifetime of work, you will have a dignified retirement. And putting this into the risk of a marketplace—a world that, both fortunately and unfortunately, from time to time I have lived in—can lead to results for individuals that are much different than what the expectations or whatever actuarial numbers are projected by people who are bureaucrats thinking about what returns will average out over some long period of time. Because people live in the here and now, in a 20-year timeframe or 40-year. They work and they retire at a certain point in time. And if the market is not performing at that point in time, when that account they own comes up, they don't have those guaranteed benefits.

By the way, this is a zero sum game. When you take out that $2 trillion, it requires that somebody else give, not only the people who are choosing to leave the system but those people who choose to stay in the system.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. CORZINE. We should protect Social Security and oppose privatization.

The PRESIDING OFFICER. The debate is concluded.

STEEL TARIFFS

Mr. ALEXANDER. Mr. President, I would like to make a few remarks about the report of the International Trade Commission on steel tariffs, which was made over the weekend. Late last Friday night, the International Trade Commission released its report on the impact of the steel tariff. The steel tariff is a tax. It is a tax that the administration imposed in March of 2002 on at least 10 different kinds of imported steel, including the kind of steel that is used to make automobiles and trucks in this country. The effect of the tariff was to increase the price of that steel up to 30 percent. It had a noble purpose. The President hoped to save some steel jobs in this country.

The International Trade Commission (ITC) over the last several months has taken a lot of testimony and done a good deal of study to see what was the impact of that decision made in March of 2002 on both the steel industry, the steel producing part of our country, and on the automobile industry and on the other steel consuming parts of our economy. The report's finding on the overall economic impact of the steel tariff was not very surprising. According to the report, the steel tariff has saved a few steel jobs by raising the price of steel. But it has cost U.S. manufacturers, the auto parts suppliers, for example, over $680 million. The report also claims that somehow to make up for this, the tariff revenue to the U.S. Government, collected on the steel that came in from outside the country, was about $650 million. So the ITC estimates that there was not too much damage to the economy, only a $30 million loss in GDP.

But what that overlooks is who paid the tax? It was, in part, the struggling auto parts suppliers who are manufacturing parts in this country in competition with auto parts suppliers all over the world. They paid the tariff to the federal government directly when they shipped in foreign steel themselves and in part indirectly when they paid higher prices to their distributors